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(Discussion paper no. 14)

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DISCUSSION PAPER NO. 14 (Revised)

AN OVERVIEW OF

FEDERAL PUBLIC SERVICE

ADMINISTRATIVE REFORMS

by R. Paton and C. LaSalle

MARCH 1983

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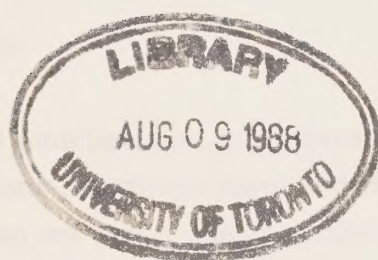
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DISCUSSION PAPER NO. 14 (Revised)

**AN OVERVIEW OF
FEDERAL PUBLIC SERVICE
ADMINISTRATIVE REFORMS**

by R. Paton and C. LaSalle

MARCH 1983



"The (public) service has been glasscoed, lamberted, d'avignoned, auditor-generalized, comptroller-generalized and treasury-boarded to death".¹

The above passage sums up rather succinctly administrative change in the public service as seen from the perspective of one acute observer, an assistant deputy minister. This quotation also illustrates reaction to a distinct period of "reform", a period bounded by the Royal Commission on Government Organization (the Glassco Commission) and the Special Committee on the Review of Personnel Management and the Merit Principle (the D'Avignon Committee). These two studies act as bookends of sorts, marking two decades of intensive reform efforts such as had never been witnessed before in the history of the public service.

For an understanding of the reform initiatives of the post-1960 period, it is useful to examine select historical antecedents which serve as a prelude to the period under consideration. For the purposes of this paper, our review will be restricted to two studies which most directly influenced the reform initiatives of the post-1960 era.

The Gordon Commission

The Royal Commission on Administrative Classifications in the Public Service (the Gordon Commission) was appointed in 1945, with the mandate to review the classification and pay of senior administrative grades. Under the leadership of Walter Gordon, the Commission exceeded its assigned mandate and included, as part of its considerations, the role of personnel management with regard to the functions of the Civil Service Commission and Treasury Board.² The Commission's investigations led to the following major findings:

¹Laframboise, H.L., "Managerial Discretion vs. Central Agency Controls: A Bureaucratic Dilemma," Optimum, Vol.11, No.1, 1980, p. 67.

²See Hodgetts, J.E. The Canadian Public Service: A Physiology of Government 1867-1970, p.255

With the increasing complexity of society there has been a steady growth in the activities and responsibilities of government which has imposed increasing demands upon the Civil Service and particularly upon its principal officials. It appears to us that as a result of this rapid expansion four principal defects in the organization of the service have emerged:


1. There are not enough men of high calibre in the senior and intermediate grades. This means that the Deputy Ministers and other principal officials -- we suggest Ministers as well -- are unable to delegate to others as much work as they should, with the result that they are themselves seriously overburdened.
2. There is no clear-cut assignment of responsibility for the overall management and direction of the service. As a result there is no effective machinery for adequately training, seeking out, transferring and promoting able men and women in the junior and intermediate ranks of the service.
3. There is no machinery capable of dealing decisively and promptly with the changes in organization which are needed continuously in any institution as large and varied as the Canadian Civil Service or with the problem of redundant, unsuitable or incompetent personnel.
4. There are very considerable delays in making appointments and promotions at all levels of the service.

As part of its response to the above problem areas the Gordon Commission put forward the following key recommendations:

...that the Civil Service Commission be divested of most of its statutory powers given to it under the 1918 Civil Service legislation. ... More specifically, the CSC was to be given responsibility for recruitment 'on a merit basis' of personnel for all classes; for review of recommendations by department heads for promotions in grades other than administrative, scientific, technical, and professional; for transfers in these same grades; and for 'general guidance' to departments on in-service training programs.

...that the proliferating boards, commissions and agencies of government around Ottawa should all be brought under the provisions of the Civil Service Act.

....To co-ordinate government personnel policy a Director-General of Establishments should be appointed to head an Establishments and Personnel Division in the Treasury Board." (This would involve a



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transfer to TB of the Commission's organization, classification and pay responsibilities).

....The appointment in every department of an experienced and properly qualified Personnel Officer with adequate rank and power (to promote general efficiency both by improving staff management and by affording relief to Deputy Ministers.

These recommendations were the result of what the authors of The Biography of an Institution identified as the first attempt to provide "a critical analysis of the Government's system of personnel management".³ As such, many of the report's recommendations marked an initial effort to come to grips with problems posed by the personnel management system of the immediate post-war period as well as those resulting from the "overlapping of duties and responsibilities between the Civil Service Commission and Treasury Board." However, with the exception of the recommendation to appoint departmental personnel officers, the report's proposals had little immediate effect at the time of its release in 1946. "Sixteen years later, however, the Glassco Report of 1962 turned out to be a high-powered replay of the 1946 Gordon Report, this time more thorough, more formidable and more devastating."⁴ In this respect it is useful to note, as V.S. Wilson has observed in an article investigating "The Role of Royal Commissions and Task Forces" that "it is often the case that many of the 'new' proposals are, to rephrase an old adage, old wine in new bottles."⁵ This point is most apt in the case of the Gordon Commission.

³Hodgetts, J.E., McCloskey, W., Whitaker, R. and Wilson, V.S., The Biography of an Institution, p.211.

⁴Wilson, V.S. and S.L. Sutherland, "Reform as Exorcism: A Critical Analysis of Recent Reform Proposals for the Canadian Federal Bureaucracy", A paper presented to the Canadian Political Sciences Association Annual Meeting, June 4, 1980, p.8.

⁵Wilson, V.S., "The Role of Royal Commissions and Task Forces", in Doern, G.B., and Aucoin, P., (eds.), The Structures of Policy-Making in Canada, p. 119.

The Heeney Report

A second study which was to have a profound impact on the public service of the post-1960 period was an investigation undertaken by the Civil Service Commission. In 1957 the Government authorized the Commission to review "The Civil Service Act and procedures and examine the role of the Commission in the machinery of government". The report, on Personnel Administration in the Public Service (Heeney Report), marked the first attempt to re-examine the major provisions of the Civil Service Act of 1918 which had, for 40 years, governed personnel management in the Public Service. Recommendations of the report, as set out by K.L. Delaney,⁶ included:

the extension of a modernized Civil Service Act to most of the public service (roughly 40 per cent was exempted); that the CSC be empowered to either decentralize certain of its functions such as training, transfer and promotion or delegate its authority in such matters to deputy heads; that the responsibility for determining organizational structure ... be transferred to deputy heads; that responsibility for classification and compensation remain vested in the CSC, that the CSC should continue to initiate recommendations on salary and other conditions of employment but only as a neutral party after presiding over management-staff consultations. The basic concept of the merit principle should not be changed. Finally, it was recommended that the CSC retain its authority in staffing but be allowed to delegate it to department heads.

The Heeney Report represented a strong effort by its principal author to assert a new role and purpose for the CSC. For various reasons this vision was rejected, and many of the recommendations put forward by the Heeney Report were not accepted. However, certain recommendations dealing with the modernization of procedures were accepted and acted upon in the passing of a new Civil Service Act in 1961.

⁶K.L. Delaney, "Guardian of Merit; Guardian of Mandate: The Transfiguration of the Public Service Commission," unpublished M.A. thesis, Carleton University, 1981, p.64.

The true impact of the Heeney Report must then be assessed in terms other than the dismissal of its key recommendations. While the report did prompt significant changes to the Civil Service Act, it more importantly heralded the first sign of change that later infused the Public Service. With the issuance of the report in 1958, debate was stimulated -- internally between the Government, central agencies and departments and externally with such public bodies as the representative staff associations of the public service. This debate represented concern for the process of administrative reform in the public service and proved to indicate general reaction to later reform initiatives.

The Glassco Commission

While action on the Heeney Report's recommendations was pending, the Government launched a second study of the public service. The Royal Commission on Government Organization (Glassco Commission) was charged in 1960:

to inquire into and report upon the organization and methods of operation of the departments and agencies of the Government of Canada and to recommend the changes therein which they consider would best promote efficiency, economy and improved service in the dispatch of public business.

In the words of M.C. D'Avignon, the Glassco Commission "performed what most assuredly is tantamount to an autopsy of the structures and workings of the Canadian public service and made recommendations designed to cure its ills."⁷

⁷ M.C. D'Avignon, *The Royal Commission on Government Organization: A Study in Bureaucracy and Organization*, unpublished M.A. Thesis, Carleton University, 1972.

The Commission's mandate necessitated a rather massive investigation which culminated in the issuing of approximately 300 recommendations. These recommendations were synthesized to produce a philosophy for the management of the public service which has been summed up succinctly by the words "let the managers manage". This philosophy may be seen in the following excerpts from the report, which illustrate its underlying theme.

Above all, departments should, within clearly defined terms of reference, be fully accountable for the organization and execution of their programs, and enjoy powers commensurate with their accountability. They must be subject to controls designed to protect those general interests of government which transcend departmental interests. But every department should be free of external controls which have no such broad purpose.

These proposals for reallocation of authority and responsibility in the field of manpower management are designed to secure effective use of human resources in the public service. They do so by placing responsibility and the necessary degree of authority to discharge it in the hands of the government's operating management, the only place where the necessary links can be forged between people and programs, between performance and objectives.

The Glassco Commission Report ushered in a new era of reform initiatives within the federal public service. What made the report of this commission different from that of its many predecessors was the acceptance by the Government of a majority of its proposals. The significance of this can be seen in the D'Avignon Committee's comment, in its report, on the impact of Royal Commissions and other studies:

Eight Royal Commissions have studied civil service matters since Confederation. Except for those of the Glassco Commission, the impact on the service of Royal Commission recommendations has been negligible.

The Glassco Commission's recommendations marked the beginning of a detailed assortment of reform initiatives which would have implications for the entire public service. As a consequence of the Commission's recommendations,

numerous initiatives were introduced, which were divided into four major areas by H.L. Laframboise:⁸ -

(a) 'modern' financial management; (b) 'modern' personnel management; (c) increased centralization of common services; (d) increased decentralization, to managers, of what were formerly specialist tasks.

More specifically, the government response included steps to distinguish lines of authority and responsibility in the personnel field between Treasury Board and the Civil Service Commission. These two central bodies had been locked in a struggle for ascendancy over personnel matters since the 1930s; by the late 1950s Treasury Board had emerged as the clear winner -- a position that was reinforced by Glassco with the subsequent establishment of a Minister in charge of the Treasury Board and the separation of the Treasury Board Secretariat from the Department of Finance. (This was first introduced with the enactment of the Government Reorganization Act of 1966.)

The Heeney Committee

In 1963, in response to continued pressure from staff associations for the implementation of collective bargaining in the public arena, the Government appointed the Preparatory Committee on Collective Bargaining in the Public Service (Heeney Committee). Reporting in 1965, the Committee's findings led directly to the 1966 enactment of three major pieces of legislation:

- the Public Service Employment Act (PSEA);
- amendments to the Financial Administration Act (FAA); and
- the Public Service Staff Relations Act (PSSRA).

⁸Laframboise, H.L., "Administrative Reform in the Federal Public Service: signs of a saturation psychosis," Canadian Public Administration, 1971, Fall, pp. 303-325. The Public Service Employment Act (PSEA);

To quote from an article by R.H. Dowdell:⁹

The first established a Public Service Commission to regulate staffing in the portion of the public service over which the former Civil Service Commission had jurisdiction. ... The amendments to the Financial Administration Act transferred responsibility for position classification to the Treasury Board. The Public Service Staff Relations Act included terms which made the new Public Service Staff Relations Board responsible for pay research and for hearing grievances on disciplinary matters which were previously the subject of appeals to the Commission.

The legislation, proclaimed in 1967, fundamentally changed both the managerial role and the environment of the managerial function.

The Hickling-Johnston Report

As part of the official response to the findings of the Heeney Committee in 1965, the Civil Service Commission recognized a need to conduct an overhaul of its classification and pay administration systems (which, prior to 1967, were the responsibility of the Commission) as they related to the Committee's proposed new senior managerial (Executive) category. The Hickling-Johnston firm of consultants were engaged to develop and recommend administrative systems to support the staffing and salary administrative functions in the Executive category. Their report, issued in 1966, reaffirmed the existence of problems peculiar to the senior management group, many of which had already been uncovered during the investigations of the Gordon and Glassco Royal Commissions. Of note is the following quotation from the Hickling-Johnston Report:

We found that almost no central planning and very little departmental planning had been done, or was being done, to ensure that well qualified individuals were being prepared for more senior

⁹ Dowdell, R.H., "Personnel Administration in the Federal Public Service", in Kernaghan, W.D.K. and Willms, A.M., (eds.), Public Administration in Canada: Selected Readings, 2nd edition, 1971, p. 286.

responsibilities and that these same individuals were meeting their own growth needs.

The report identified a number of general and specific managerial constraints with reference to senior management positions. In response to these problems, and with regard to the mandate of the study, the initiatives proposed by the report were largely concentrated in the areas of compensation and classification. These recommendations were rejected as impractical, with one notable exception. The report had drawn attention to deficiencies in the area of training and development. In response to these needs, the Public Service Commission organized the Bureau of Staff Training and Development in 1968.

With the introduction of collective bargaining in 1967, the public service entered a new era. The Public Service Staff Relations Act, the Financial Administration Act and the Public Service Employment Act confirmed the transformation of the Public Service Commission (as the Civil Service Commission was renamed in 1967) from lion to lamb, as certain responsibilities, traditionally vested in the Commission, were officially transferred to Treasury Board. This redistribution of powers resulted in Treasury Board assuming the authority "to determine the organization of the public service and to assign duties to and classify positions therein", thereby assuming the role of "employer" of the public service.

Thus far, we have examined three critical decisions of the 1960s which individually and collectively have had a great impact in terms of administrative reform in the Public Service:

- the establishment of the Glassco Commission and the subsequent implementation of its recommendations;
- the introduction of collective bargaining; and
- the establishment of Treasury Board as the "employer" of the public service.

One further decision is of note -- the decision to bilingualize the federal public service.

The Bilingualism and Biculturalism Commission

In 1963, the Government commissioned the Royal Commission on Bilingualism and Biculturalism. Recommendations made by the Commission won broad parliamentary support and resulted in statements of principle that acknowledged the Government's acceptance of objectives proposed by the Royal Commission. The Commission's report prompted government action in numerous areas, including the passing of the Official Languages Act in 1969 and the creation of the position of Commissioner of Official Languages. These actions created a need for specific measures for implementing bilingualism. Major responsibilities for the development, co-ordination and promotion of bilingualism were divided among three major agencies -- the Department of the Secretary of State, the Public Service Commission and the Treasury Board. Of the three, Treasury Board has assumed the most direct responsibility in terms of both identifying and structuring "management functions to be pursued by departments in the development of bilingualism in the public service".¹⁰ Treasury Board has therefore had the most pervasive influence by initiating reforms affecting the managerial function in implementing bilingualism objectives.

With the establishment of the Office of the Commissioner of Official Languages in 1969, the two traditional central control agencies, Treasury Board and the Public Service Commission, were joined by a new agency with powers of central co-ordination and control. As well, political developments within the Government party gave impetus to the rise in importance of the Privy Council

¹⁰"Bilingualism and Biculturalism in the Federal Public Service," in Kernaghan, W.D.K., and Willms, A.M., (eds.), Public Administration in Canada: Selected Readings, 2nd edition, 1971, p.146.

Office as an agency with central control responsibilities. During the late 1960s this Office joined the ranks of TB and PSC as a body with definitive interests and influence on reform initiatives affecting the managerial function.

The final report of the Royal Commission on Bilingualism and Biculturalism marked the conclusion of the 1960s and the beginning of the 1970s. With the close of the decade came a change in the focus of reform initiatives. The 1960s had been a time of upheaval, in which many facets of society had challenged the traditional norms. The winds of change had been particularly forceful on the federal scene, resulting in initiatives that rocked the very foundation of the government's traditional approach to administrative structures in the public service. This can be seen in the implementation of the four critical decisions already discussed. The decade of the 1960s was a period of intensive administrative reform marked by acceptance and fulfilment of the terms recommended by the studies noted in this review. As the calendar turned to the new decade, this situation was to change.

The 1970s may be viewed from the perspective of the 1980s as a time of review -- at least in terms of administrative reform in the federal public service. Whereas administrative reforms were initiated in the 1960s, the 1970s assumed the themes of contemplation and fine-tuning. These principles may be discerned in examining the major studies of the decade in question.

The Giroux Report

In 1971, the Public Service Commission announced a freeze on the delegation of staffing authority to departments, "pending a review of existing delegation arrangements." The Delegation Review Team Report (Giroux Report) marked an effort by PSC to assess the progress of delegation between the PSC and departments. Delegation was originally proposed in the Heeney Report of 1958 and introduced following the concurrence of the Glassco Commission in 1962. However, with the passage of time, concerns had been raised, particularly

by public service staff associations, about the effect of delegation on the merit principle.

The report of the Delegation Review Team confirmed suspicions of merit principle abuse. The Review Team found that the PSC, to promote delegation, had set aside considerations of safeguarding the merit principle. The Review Team suggested a number of guidelines to be used to ensure accountability. With the exception of a general tightening up of monitoring and control measures, these guidelines were almost completely ignored. The PSC did, however, institute an audit of delegated staffing authority. As well, the Commission has shown a continued interest in the report's recommendations, as evidenced by the implementation of several of them in the late 1970s. Perhaps most importantly, the report focused attention on both delegation and the merit principle. Interest in these subjects has also been shown in such forums as the Joint Consultation Committee established in 1978 and through inquiries such as the Lambert Commission (1979) and the D'Avignon Committee (1979).

The Finkelman Report

The Finkelman Report, commissioned in 1973, represents another review initiated by the Government in response to lobbying efforts mounted by public service staff associations. This review was introduced in response to calls for a re-examination of the legislation, enacted in 1967, which introduced collective bargaining into the federal public service. The Finkelman Report, entitled Employer-Employee Relations in the Public Service of Canada, reaffirmed the government's position that the 1967 legislation was basically sound. The report made many recommendations, which can be best described as fine-tuning. As many of these recommendations were of direct relevance to the managerial function, they had repercussions in administrative reform.

On the report's release in 1974, the Government committed its review to a Special Joint Committee of the Senate and House of Commons. In an interim

report issued in 1975, the Committee recommended reconstitution of certain powers of the Public Service Staff Relations Board. This was enacted in a 1975 amendment to the Public Service Staff Relations Act. The Committee's final report (issued in 1976) included 72 major recommendations as well as a call for a special task force to review the Public Service Employment Act and the role of the Public Service Commission in personnel management. The Government introduced a Bill in 1976 to enact the recommendations, but the bill was allowed to "die" on the Order Paper. In response to the Committee's call for a special task force, the Government commissioned the Special Committee on the Review of Personnel Management and the Merit Principle (D'Avignon Committee) in 1977.

The Smyth Report

Review was clearly the intent in the 1974 commissioning of the Smyth Report. The Personnel Administration Review marked an effort by the Treasury Board Secretariat to conduct a review of personnel management in the Public Service. The report represented an effort to describe as well as identify problems relating to personnel policies in the public service. It was the first major attempt to describe the personnel administration changes of the post-Glassco era. It is of note that the review is largely descriptive in nature and has thus avoided specifying mechanisms to alleviate problems identified.

The Smyth Report is a fairly comprehensive examination of personnel practices in the public service, especially with regard to the role of the manager and the impact of personnel policies on the managerial function. In particular, it highlights individual and system-wide managerial frustrations with the various procedural requirements of the 1974 staffing system. Attention was focused on the issue of managerial flexibility versus the constraints of the system. The report identified a great number of problem areas. In particular, as a consequence of the personnel management system in the public service being a loose framework of ways and means, conflicts arise among sub-systems because of a lack of a comprehensive objective.

As an internal, restricted document the immediate impact of the Smyth Report is difficult to assess. However, an indication of the report's influence may be assumed from its reissue in 1975 under a new title -- Personnel Management in the Public Service. This version retained the essentially descriptive focus of the original and excluded a model that illustrated the principal outputs and related characteristics of an exemplary personnel management system for the public service.

Following the restricted release of the review to senior management in the central agencies, the report was circulated among senior management in the public service. After several years of consideration, a formal response to the Smyth Report was announced by the Public Service Commission. In 1978, the Commission declared its intention: "to reduce rigidities (in the staffing program), to favour policy guidelines over prescriptions and to recognize that the staffing approach in one department or for one occupational group might well be justifiably different from that of others." Beginning in 1978, the Commission introduced several programs designed to implement these objectives.

The Bibeau Report

A second study, authorized in 1974, was directed toward a specific aspect of the Government's decision to bilingualize the federal service. The Independent Study on the Language Training Programs of the Public Service of Canada (Bibeau Report) was commissioned in direct response to widespread concern regarding the perceived failure of second-language training in the public service. The report identified seven major areas of concern with regard to the state of language training programs. Although the report's emphasis is not of direct concern to this review of administrative reforms, it is considered here because the Official Languages Program, in general, has presented numerous concerns for managers in the public service.

On the basis of the report's recommendations, the Government introduced new policies in 1977 which outlined new procedures for identifying bilingual positions as well as more stringent evaluation procedures. In addition, the orientation of language training was changed to reflect the "real" needs of the workplace. Further changes were announced in 1978 as the Government completely revised its Official Languages Policy, instituting emphasis on decentralization. These changes, as well as others announced since then, have profoundly influenced the nature of the managerial function and have caused numerous repercussions in administrative policy.

In addition to the above personnel reforms, two major financial control reforms were introduced in the 1970s.

The Auditor General Act

In 1977, the Government passed a new Auditor General Act which substantially enlarged the powers of the Auditor General. The new act included provisions that required the Auditor General to report to Parliament in instances where

money has been expended without due regard to economy or efficiency, or satisfactory procedures have not been established to measure and report the effectiveness of programs, where such procedures could appropriately and reasonably be implemented.

This mandate, which introduced the concept of "value for money", allowed the Auditor General "the power to judge the government's right to pursue unquantifiable aims",¹¹ thereby initiating a new approach to public sector auditing in Canada. This new power had significant implications for the management of public sector entities, and many repercussions for internal administrative reform.

¹¹ Wilson and Sutherland, op cit., p.21.

The Comptroller General Act

A further innovation was the creation of the position of Comptroller General of Canada in 1978. (It has been argued that this office is a recreation of the former office of Comptroller of the Treasury.) The Office of the Comptroller General (OCG), under the general auspices of Treasury Board, was created (in response to recommendations and lobbying efforts by the Auditor General) to fill a perceived void in program evaluation. More specifically, the position of Comptroller General was, according to the first Comptroller General, H.G. Rogers:

to oversee the quality and integrity of financial administration systems and related practices and procedures in use throughout the federal public service. The Comptroller General also develops and maintains policies, procedures and practices necessary to evaluate and report upon¹² the efficiency and effectiveness of government programs.

This role established the OCG as a new central agency with overall responsibilities for the external review of departmental management processes. As such, the Office has been in the forefront of change initiatives in administrative reform, particularly in the area of financial management systems.

The institution of the Office of Comptroller General in 1978 marked the culmination of a strong trend toward central agencies as a control medium. Earlier in this paper, brief mention was made of the traditional rivalry between the two original central agencies. During the decades of the 1960s and 1970s, these agencies were joined by newly created entities as well as by those that, because of a change in focus, could now be described as possessing central agency functions. The following list, taken from an article by H.L. Laframboise (see note 1), represents central agencies with service-wide mandates for either improving efficiency or ensuring the application of internal policies:

¹² Rogers, H.G., "The Impact of IMPAC", Optimum, Vol. II, No. 1, 1980, p. 40.

Office of the Language Commissioner
Department of Supply and Services
Office of the Privacy Commissioner
Public Service Staff Relations Board
Federal-Provincial Relations Office
The Sensitivity and Responsiveness Program
The De-regulation Project Office
The Reduction of Duplication Initiative
The Socio-Economic Impact Analysis Group
The Agency of Management for Advertising Treasury Board
Public Service Commission
Office of the Status of Women
Privy Council Office
Human Rights Commission
(Department of) Public Works
The Comptroller General
The Office of Paper Burden

These agencies, as a collective force, exert a great amount of control over the managerial function and limit, through their own administrative powers, the exercise of managerial discretion.

The Lambert Commission

The Royal Commission on Financial Management and Accountability (Lambert Commission) was established in 1976 in response to criticism by the Auditor General that

Parliament -- and indeed the Government itself -- has lost, or is close to losing, effective control of the public purse.

The Commission was called upon to inquire into:

the best means of providing for financial management in the federal administration of Canada, including departments and Crown agencies, and for the accountability of deputy ministers and heads of Crown agencies for their administration, including evaluation of their performance in this regard.

More specifically, the Commission was to examine and report on:

- (i) financial management and control,
- (ii) accountability of deputy ministers and heads of Crown agencies relative to the administration of their operations, and
- (iii) the evaluation of the administrative performance of deputy ministers and heads of Crown agencies;

and the interdepartmental structure, organization and process applicable thereto, including in particular:

- (a) the development, promulgation and application of financial management policy, regulations and guidelines by central agencies,
- (b) procedures to ensure that
 - (1) necessary changes in policy, regulations and guidelines are identified, and
 - (2) policy regulations and guidelines are adhered to,
- (c) systems and procedures to ensure effective accountability to government and, where appropriate to Parliament, of the administration of government departments and agencies, and
- (d) the organization necessary in central agencies, government departments and Crown agencies to achieve the foregoing.

In 1979, the Commission issued a long report which included over 165 recommendations. Among the major recommendations were those in which the Commission called for:

- clearer accountability of departments and agencies for the efficiency and effectiveness with which they have employed human and financial resources;
- improved information for Parliament through revised Main Estimates;

- creation of a Board of Management which would be a single focus for management in the public service;
- establishment of clearly defined goals and priorities and replacement of program forecasts by departmental strategic plans and short-term operational plans; and
- expansion of scope of internal studies and evaluations under the direction of the Comptroller General.

The report of the Lambert Commission reflected two major themes. The first was the need for increased management controls in government. Recommendations on this theme advocated the implementation of stronger management controls through the reform of financial and economic management criteria. The second theme was the strengthening of accountability. The Commission lent its support to the Auditor General's demands for more responsible financial management within the Government of Canada. Recommendations on this theme stressed the need for parliamentary reform and the control of financial matters. J. R. Nethercote in an unpublished paper entitled "The Lambert Commentaries" has completed an extensive review of the Lambert Report and its critics. He has raised some important concerns about that Report and its recommendations.

Nethercote argues that the Lambert Commission, like other Commissions before it, was largely inspired by business notions about management and ignored the problems that are peculiar to government such as: the difficulties of co-ordination; confused or shared accountability and the essentially political dimensions of public administration. Nethercote and many other critics argued that the Royal Commission in its enthusiasm to advocate new management techniques such as strategic or operational plans paid little attention to the political environment of administration, and the effects of the many competing interests which impinge on government programs and management. In his paper Nethercote summarizes all the criticisms of authors such as Doern, Hartle, and

present or retired public servants such as Gallant, Bryce and others. These criticisms are listed as follows:

1. Diminution of individual ministerial responsibility. Primary accountability in the Lambert system is to be a matter between the deputies and the Board of Management... At the departmental level the Lambert proposals will reduce the role of the minister to a sort of political adviser to the deputy minister.
2. The Balance of Political and Administrative Power in the Board of Management. At first sight the Board of Management proposal would seem to enhance the authority of ministers over the public service. With the passage of years, however, power would come to reside in the Secretariats serving the Board and not in the Board itself... The Royal Commission has in fact prescribed a remedy which will reduce overall political influence on administration.
3. The Relationship of the Auditor General to the Lambert Scheme. There is bound to be a overlap and duplication between the work of the Board of Management... and the Auditor General. The Report practically ignores the Auditor General (an anomaly in a Report about accountability).
4. The Concept of Accountability. The Lambert scheme in any case fails to meet its own criteria. It clarifies but does not simplify lines of responsibility in administration... A deputy will have multiple lines of accountability under the Lambert scheme - to the two Secretariats of the Board of Management; to the Auditor General and the emasculated Public Service Commission; to the Public Accounts Committee; as well as, it is to be hoped a residual responsibility to the departmental minister.

5. The Central Machinery of Government

The central machinery of government under Lambert's proposals will continue to be troublesome... The Royal Commission Report has succeeded in constructing a Byzantine system of management on insecure, tenuous and ever-shifting foundations.

6. The Process of Administrative Change

Because administrative reform is so diverse in its nature it is invariably a long business, not of months or years but of decades. This was so even in previous years when the public service was smaller and its tasks lighter. The Lambert Commission has been quite reluctant to include in its approach any thinking about the mechanisms of reform and the long lead time inherent in administrative change... it is misleading not to acknowledge the creativity of the years since 1960 and, indeed, since the late 1950s. The weapon of reorganization as a mechanism of reform and revitalization is a doubtful one, to be used sparingly and certainly not more than once in a generation.

Despite the widespread criticisms of Lambert, many of the Commission's proposals covering improved planning and control were adopted, with one major exception. The Board of Management concept died an early death; Treasury Board and the Public Service Commission maintained their traditional roles.

The Lambert Commission did contribute to most of the reforms between 1978 and 1982 in the federal government--strategic/operational plans, internal audit, evaluation, revision of Main Estimates, senior management groups, change in Senior Executive group. On the other hand, it did not contribute very much to understanding the complex administrative problems faced by most managers in the public service and it did not really come to grips with the peculiar character of public administration. Most of its recommendations were "popularized" private sector concepts and there was a decided "more systems and

controls are better" thrust to its recommendations. The most unfortunate part of the Lambert Commission was that it left so much work undone.

The D'Avignon Committee

In the same year as the Lambert Commission reported, the Report of the Special Committee on the Review of Personnel Management and the Merit Principle (D'Avignon Committee) was tabled. The D'Avignon Committee had been formed in response to a recommendation by the Special Joint Committee of the Senate and House of Commons which had met to consider the Finkelman Report. The recommendation suggested that a committee be formed to review personnel management in the public service with specific reference to the merit principle.

The D'Avignon Committee Report, presented in 1979, conveyed the message that the basic problems in personnel management were due to:

1. absence of a corporate management, hence of leadership; absence of any philosophy of management, a public service organization without a head;
2. excessive and inflexible regulation; slavish adherence to universally applied regulation in the name of merit at the expense of efficiency and effectiveness;
3. arising from (1), managers who are poorly equipped to manage, no requirement that they undergo even minimally essential training, and low priority accorded training; and
4. no accountability for effective personnel management.

The report's recommendations included proposals calling for:

- the adoption of a philosophy of management;
- a redesigned merit system, to include a reinterpretation of merit attuned to the new demands of the 1980s;

- the expansion of collective bargaining to include most matters under the Public Service Employment Act;
- the adaptation of personnel processes to the operating realities of the work place;
- improved measures to implement equal opportunity policies;
- the extension of freedom to allow increased participation in the political process;
- a fundamental reallocation of roles to remove contradictions inherent in the structural framework.

In response to recommendations put forward by the Lambert Commission and the D'Avignon Committee, the Government formally announced two major initiatives. The first involved the introduction of a new policy and expenditure management system (PEMS). The second entailed the establishment of a single, integrated management category within the public service.

The introduction of the new management category marked an effort to establish an identifiable management team, an initial step toward developing a philosophy of management for the public service. The need to develop a distinct, integrated management team had been a matter of concern for some time within the service. Numerous government studies had focused on this, including the Gordon Commission, the Glasco Commission, the Hickling-Johnston Report and, more recently, the Finkelman Report. Their concerns were reiterated in the findings of the D'Avignon Committee. The Government announced the creation of the new management category in 1980.¹³ The new category is composed of two

¹³For a description of the New Management Category see Public Service Commission, Annual Report, 1980 and 1981. See also Public Service Commission, Dialogue, Vol. 4, No. 4, (Oct. 1980).

groups; a senior manager group (SM) and a senior executive group (EX), above the SM level. Both groups are part of a common classification plan and compensation system. In addition to providing for a distinct management group, the new category allows ancillary benefits such as improved staffing flexibility and greater managerial development opportunities (activities that were originally stressed in the Hickling-Johnston Report of 1966 as essential elements of a management category).

The Policy Expenditure Management System (PEMS)

With the introduction of PEMS the government put forward what might be considered the most significant administrative reform of the 1970s. The new system represents an important change in the way the government exercises authority in management and administration within the federal public sector.

The decision to implement a new system for planning, management and control of policies and expenditures reflects the efforts of the Auditor General. On the basis of three government-wide studies (FMCS, CAISE and SPICE) and additional evidence provided by the Financial Information Systems Evaluation (FISE) Study (1974-78), the Auditor General, in his 1976 and 1977 annual Reports, articulated the need for change in the structure of expenditure management. This viewpoint was amply demonstrated in the 1978 Centennial Report to Parliament, which devoted 100 pages to describing an integrated rational planning and management system for use in the federal government. The Lambert Commission Report and recommendations by the Comptroller General further supported the Auditor General's view, which led to the decision to implement the new system in 1979.

PEMS was a notable innovation in the evolution of the expenditure budget. Over the past two decades (1960-1980) in particular, the Government has introduced a number of reforms in the planning, management and control of

government policies and expenditures.¹⁴ These innovations fundamentally changed the traditional expenditure budget process based on the line-item budget. This method was succeeded by performance budgeting, which in turn was succeeded by the major budgeting innovation of the 1960s -- planning - programming - budgeting (PPB). This was later supplemented by the implementation of the management by objectives (MBO) approach¹⁵ as well as by Treasury Board's operational performance management systems (OPMS).¹⁶ These changes, as well as other innovations, have resulted in the development of a hybrid PPB system, peculiar to the Canadian federal public sector environment. In addition the Government has used a modified zero-based budgeting (ZBB)¹⁷ approach with A-base Reviews. In addition, further initiatives, such as the increasing importance of program evaluation¹⁸ and the establishment of the OCG, have contributed to the evolution of the expenditure budget system.

Each of the above budget systems has had numerous implications for administrative reform during its period of implementation. The introduction of PEMS, however, made reforms necessary outside of the normal administrative arena.

¹⁴See Gow, D., *The Progress of Budgetary Reform in the Government of Canada*, (Ottawa: Information Canada, 1973). and Siegel, D. "The Evolution of the Expenditure Budget", in Kerhaghan, W.D.K., Public Administration in Canada: Selected Readings, 4th edition, 1982.

¹⁵See Hodgson, J.S., "Management by Objectives - The Experience of a Federal Government Department", Canadian Public Administration. 16, (Fall 1973), p. 422-31.

¹⁶See Hartle, D.G., "Operational Performance Measurement in the Federal Government", Optimum, 3, (1972), p. 5-18.

¹⁷The concept of ZBB was first introduced in an article published by P. Pyhrr in 1970. For applications to government see Pyhrr, P., "The Zero-Base Approach to Government Budgeting", Public Administration Review, 37, (Jan.-Feb. 1977).

¹⁸See Rogers, H., "Program Evaluation in the Federal Government", in Doern, G.B., and Maslove, A.M., (eds.), The Public Evaluation of Government Spending, 1979.

In basic terms, PEMS represents an innovation in the PPB system. It alters the PPB system by introducing a hierarchical form of decision-making based on the top-down model. The Cabinet Committee on Priorities and Planning has been installed at the apex of the budget decision-making process, which has entailed certain changes in the expenditure budget process, as well as in the machinery of government.

According to Rick Van Loon, formerly ADM in the Ministry of State for Social Development, the adoption of the envelope system has involved two major changes, one procedural the other institutional. "The major procedural change... has been the concentration of control over expenditures within the cabinet policy committees... while the major institutional change has been the creation of Ministries of State to support the cabinet policy committees".¹⁹ These changes have introduced new demands on the expenditure budget process,²⁰ which include the following:

- competition - departments and their representative ministers and bureaucrats are pitted against their opposites for finite resources (expenditure demands involve a system of trade-offs);
- co-ordination - the envelope system requires a co-ordination of the bureaucracy; this has resulted in the development of new co-ordination mechanisms (e.g., sectoral deputy ministers' committees);
- information - the establishment of multi-year policies and fiscal frameworks has required information adequate for multi-year planning; and

¹⁹Van Loon, R., "Stop the Music: the current policy and expenditure management system in Ottawa", Canadian Public Administration, summer, 1981, pp. 175-199.

²⁰For a detailed discussion of the "envelope system" See Borins, S.F., "Ottawa's Expenditure Envelopes: Workable Rationality at Last?", in Doern, G.B. (ed.), How Ottawa Spends Your Tax Dollars, 1982, pp. 63-85.

- role definition - the introduction of PEMS necessitated a reorganization of the committee structure of the Cabinet, with corresponding implications for the agencies that traditionally support Cabinet (TB, Department of Finance, PCO) as well as the newly created envelope committees.

The introduction of PEMS and the new management category has been the concluding episode in two decades of tumultuous administrative reform within the federal public service. Despite these substantial administrative reforms there still exist many unresolved problem areas within the public service as well as those additional problems caused by the implementation and management of reform initiatives. Popular sentiment, both within and outside the public service, may perhaps be best summarized in the following statement recently made by H.L. Laframboise; "The (public) service is clearly less efficient, less responsive and less happy than it was 15 years ago".²¹

This strong statement presents the paradox that the situation is worse in spite of all government efforts to the contrary. During the post-war period in general and the two decades reviewed in this paper in particular, strong efforts were made to introduce business administration and management principles in government. These efforts endorsed various management ideologies and adopted specific management techniques as the way to make government performance comparable to that of business. The recommendations of the Glassco Commission, the Lambert Commission, the D'Avignon Committee and others are almost singularly concerned with strengthening efficiency in government. In response to this adopted quest Glassco, Lambert and D'Avignon issued proposals for more centralized management. As R.W. Phidd describes it, "their basic premise may be stated as follows: If government is to improve its performance, then it must be staffed with well-trained personnel; strategic positions must be

²¹ Laframboise, H.L., "Managerial Discretion vs Central Agency Controls: A Bureaucratic Dilemma", Optimum, Vol. 11, No. 1, 1980, p. 68.

appropriately distributed, with control systems instituted."²² The zealous pursuit of this singular goal and the results thereof has been captured with insight in the opening quotation of this paper.

During the period considered in this paper we have witnessed a phenomenal growth and, more importantly, a centralization of real power within the agencies that constitute the centre. This has taken place notwithstanding certain efforts to decentralize central agency powers through the delegation of responsibilities (as recommended in the Giroux Report). To a large extent, decentralization has merely involved a transfer of superfluous powers and has allowed the central agencies to retain authority over a growing array of control mechanisms.

The control mechanisms exercised by the central agencies serve, in most cases, as a way of implementing selected mandates uniformly across the service. There is much to be said in favour of such an approach as a basic managerial principle. However, within the period under consideration, new factors have emerged which increasingly challenge the former managerial precepts and present new elements for consideration.

In the first place, as R. Bird has pointed out, the proportion of public sector employees who are federal civil servants has grown rapidly. In 1981 over 215,000 federal public servants (Post Office excluded) were employed to administer, on behalf of the government, a budget in excess of the \$70 billion. The massive increase in government spending has created a host of heterogeneous organizations with mandates to implement a diverse array of policy initiatives.

²² Phidd, R.W., "The Administrative State and the Limits of Rationality", Dwivedi, O.P., (ed.), The Administrative State in Canada, 1982, p. 236.

The increasing heterogeneity of these organizations, compounded by the growth in real terms in personnel, presents managerial problems unique to each situation. Secondly, the agencies which occupy the centre have experienced real growth in both power and number. As H. Laframboise has colourfully stated, with so many central agency camels in the tent there is hardly any room for the manager. The federal government has now responded to the "problems" of control and accountability but that response has also brought with it a new generation of problems.

Conclusion

In the past two decades the federal government has been in a constant state of change in terms of its institutions and its management practices. Within those 20 years the government has added major service departments such as DPW and DSS, transformed the role of the Privy Council Office; added the Comptroller General and the Public Service Commission and created two new Ministries of State along with the PEMS system. In addition it has introduced PPB, operational performance measurement system (OPMS), MBO, and a host of other management techniques such as internal audit, evaluation, strategic planning etc. All of these changes have been developed to respond to the changing requirements of government --the need for improved productivity and efficiency and a desire to improve the capacity of the government to plan, evaluate and control its activities. From these perspectives it has to be admitted that the federal government has certainly made some significant strides.

Despite the many positive reform efforts of the federal government and improvements in management practices, there is an uneasy feeling in the minds of many analysts of the public service that many of these reforms have been based on somewhat naive assumptions about public sector management and that there is a great deal of window dressing involved as opposed to real reform. It has been argued by many authors that the Program Budgeting System did not live up to its expectations that OPMS was to a large extent "a still-born child," and that there is little evidence that evaluations have really provided the magic feedback loop to decision making that they were supposed to.

In the area of planning accountability and control, it is very unlikely that there is any clearer accountability in the public service now than there was 10 or even 20 years ago. As for planning and control, there have probably been definite improvements in the quality of information that is available to central agencies and deputies for managing their departments and better methods of linking plans to expenditures -- but at what price? The reforms in these areas have also resulted in several new central agencies, an exponential increase in paper flow and paper burden, and an increasing number of rules and regulations which have restricted managerial direction to the point where it is very difficult to call public servants managers at all. Without a minimum of discretion over staffing, classification, financial allocations, supplies, space or priorities, public servants are more akin to administrators who spend authorized money, provide advice to ministers and take guidance from a complicated set of central agencies. In the drive to increase management control it is not unlikely that the federal government has driven out the possibility for management or managers.

The two decades of reform covered by this paper started with the cry by Glassco to "let the managers manage". It is fairly safe to say that managers in government have less rigid controls placed on them than when all staffing was handled by the Civil Service Commission and all expenditures were pre-audited by Treasury Board. On the other hand the sheer complexity of government and the growth in the number of agencies (both service and central agencies) has dramatically changed the nature of management in the public service over the past 20 years. With so many players influencing any department the public service manager of the eighties has to spend most of his or her time negotiating with others (i.e. for staff, supplies, space, money, or policy changes) who have little idea of the program clientele or administrative realities of the department concerned.

There is no doubt that Glassco's call to "let the managers manage" is no closer to reality today than it was in the early sixties. The challenge for government in the eighties may be even more difficult than the past two decades

because it may require a re-thinking of the concepts that have driven management reform for the past 40 years.

- The application of private sector concepts to public sector management has to be replaced by a better understanding of the nature of public administration and its inherent political aspects.
- The belief that better systems make better management needs a serious re-appraisal.
- The identification of control as synonymous with management needs to give way to a more realistic idea of the degree of authority required by managers to do their jobs efficiently and effectively.
- The application of general across-the-board rules and regulations for a government that is made up of completely different types of activities needs to be replaced by more custom-made guidelines and regulations.
- New approaches such as user fees or privatization and different approaches to accountability techniques need to be tried in order to reduce the growing overhead and bureaucratization in government.

These will be some of the challenges that are left for management reform in the eighties.

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